

MILITARY HAZARDOUS PAY DIFFERENTIALS

I Nature of Hazardous Duty Pay

Recognition of Hazardous Duty Pay Principle

A. Private Industry - Additional compensation for the performance of exceptionally risky positions is a well recognized principle of wage and salary administration in private industry. Many companies are cognizant that positions have a high incidence of mortality, disability and occupational disease create a serious problem of recruitment and a moral responsibility. Accordingly, they have provided additional remuneration in order to make risk positions more attractive and to compensate for job-incurred disabilities. Although separate pay allowances for risk are infrequently provided, except in a few industries, the principle of additional pay for hazardous work is often recognized in private employment, either informally or formally in job evaluation programs, as an important element in the determination of basic compensation rates. The most widely used industrial job evaluation pattern, formulated by the National Electrical Manufacturers Association, contains eleven compensable factors, two of which specifically allow for risk. The factors are undesirable working conditions and unavoidable hazards.

B. Federal Service - In Federal employment, positions which entail accident and health risks are additionally compensated in a number of ways. The principal method employed is the consideration by individual agencies of risk as an allocation factor in classifying positions or writing class specifications. Second, payments of differentials to certain ungraded employees for hazardous work is permitted, and a few agencies, notably the Army and Navy, have resorted to this authority in compensating

JOB NO. _____ BOX NO. _____ FLD NO. _____ DOC. NO. 4 NO CHANGE
IN CLASS/ DECLASS/ RECLASS CHANGED TO: TS S C RET. INST. _____
NEXT REV DATE: _____ REV DATE: 20 Feb 80 REVIEWED: _____ TYPE DOC. 39
NO. 22 OF 32 ORG CLASS M
Approved For Release 2002/05/08 : CIA-RDP78-03578A000600030006-8
REV CLASS 4 REV COORD. _____ AUTH: HR 78-1

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laborers for the performance of irregular, manual tasks. These differentials are relatively unimportant in scope, in frequency of use, and in their applicability to general government duties.

Third, territorial post allowances and special privileges of retirement and leave which are granted to citizen employees outside the U. S. are predicated in part upon the principle of additional payment for hazardous conditions. Adverse local conditions such as excessive weather and climate, dangerous transportation facilities, remoteness from medical and food accommodations, and location in undeveloped, uncivilized or hostile areas are circumstances which jeopardize the health, safety and well-being of personnel. Although the CSC has established mandatory territorial post allowances for citizen employees in a number of U. S. islands, administrative agencies are authorized to request the extension of employees' allowances where privations are a normal feature of the jobs. The performance of hazardous or unpleasant work is not the only justification for post allowances, but it is one of the more prominent reasons.

Whereas hazardous differentials paid to ungraded craftsmen and laborers are for occupational risks, foreign post differentials are largely for situational or area conditions. Separate compensation thus is justified in terms of both the hazard element in a job and the risks attached to employment in a given area.

Fourth, hazardous pay differentials are paid in the Federal service to military personnel. Mere hardship and peril endured by military employees in peacetime, or war time, do not constitute grounds for payment of hazardous differentials since, in accordance with the recommendations of the Defense Establishment, statutory authori-

zation for differentials has been prescribed only for specific types of military duty. Consequently, military hazardous pay differentials have a limited, precise meaning, connoting payments for the following types of military activity: (1) aerial flight duty by crewmen, (2) aerial flight duty by non-crewmen, (3) submarine duty, (4) glider flight duty, (5) parachute jumping duty, (6) duty involving contacts with lepers, (7) demolition duty, (8) duty at submarine-escape-training tanks, (9) duty at the Navy Deep Sea Diving School or the Navy Experimental Diving Unit, and (10) deep sea diving operations.

Theory of Hazardous Pay

The brief for hazardous duty pay in Federal employment is characterized by the following factors: (1) additional compensation to alleviate the ordeals of risky work is a social and moral responsibility, (2) additional emolument is desirable in a sound personnel program of recruitment incentives for certain hazardous positions, (3) additional pay for hazardous work is a traditional principle in public and private employment, although it is usually embedded in basic compensation rates, geographic differentials and leave and retirement policies, and (4) the term "hazardous pay differentials" essentially refers in the Federal service to special pay allowances for specified categories of military duty.

The administrative difficulties inherent in hazardous pay and the limited meaning of hazardous pay differentials in the Federal Government would probably impede efforts to establish hazardous differentials in civilian agencies.^{1/}

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^{1/} For a discussion of the administrative problems which are involved in establishing a government-wide hazardous differential pay system, see U.S. Civil Service Commission, Report on Additional Compensation for Hazardous Employment, pp. 102-114.

If, however, the validity of the concept of greater remuneration for hazardous work is conceded, the issue becomes basically a question of method. What compensation plan is most conducive to a fair compensation for both regular and hazardous duties of a job? What method will best permit the recruitment and retention of personnel for risk positions? For the good of the general civil service, a standard policy of treating hazardous duties as an allocation factor in setting basic pay rates is a practical solution since hazardous positions are infrequent and occasional in most of the agencies. But the feasibility of attempting to systematically apply this policy in an agency having a large number of hazardous positions or in a security agency is questionable. Hazardous differentials appear to be more appropriate in such agencies because they could be uniformly applied, would collate hazards and remuneration and would be tangible incentives to recruitment. The history and experience of hazardous pay in the military service substantiates this conclusion.

II Hazardous Duty Pay in the Defense Establishment

Compatibility of Hazardous Duty Pay with Basic Military Pay Policy

It may seem paradoxical that provisions for hazardous duty pay were included in the Military Career Compensation Act of 1949, the statute which prescribes current military pay policy, in view of the fact that Congress regarded special pays as one of the major obstructions to an adequate military compensation system. The reasons why hazardous duty differentials were retained when several other special payments were eliminated by the Act are not fully comprehensible in terms of the merits of risk pay alone. These reasons entail, as well, an appreciation of the

underlying principles and conditions which motivated the general reform of the military pay system and of the role of hazardous pay in the revision.

A. General and Hazardous Pay Principles of Hook Commission are Bases of Military Pay Policy - A civilian advisory commission was appointed in early 1948 to make an inclusive study of military pay, allowances, retirement and other benefits in the Defense Establishment. After a year of intensive study the so-called Hook Commission submitted recommendations for the first over-all pay and benefits policy that had been prepared for the military service since 1908.^{2/} In the interval, 1908-1948, approximately a dozen modifications of the pay system had been effected, but the piecemeal approach created serious discriminations and inequities.

The large number of special pays and allowances was one of the two major problems which the Hook Commission considered. The variable eligibility of servicemen for these emoluments, based upon such conditions as number of dependencies, length of service, and location of duty, created serious overlappings in the total amounts of compensation paid to enlisted men and officers. For example, recruits with maximum eligibility for special pays and allowances could receive as much compensation as a captain, and a colonel could receive as much pay as a brigadier general. The Commission's investigations disclosed serious problems of recruitment, resignations, morale, and promotional incentives.

The second major problem that confronted the study group was the disparity between the compensation paid to military officers and the salaries paid for comparable managerial talent in private industry. The lure of lucrative salaries in private employment had actuated by 1948 an alarming number of resignations of trained

^{2/} Members of the Commission were: Mr. Charles R. Hook, Father John J. Cavanaugh, App. Keith S. McHugh 2002/05/08 LWA-RDP78-03578A000600030006-8

officers, and the Defense Establishment was menaced by the problem of dwindling leadership. The Commission viewed with particular apprehension the impact of declining enlistments and resignations of junior officers upon the availability of future leadership.

As a consequence of these conditions the group was fundamentally concerned in developing an incentive pay philosophy which would induce men to make a career of the military service. Thus, the pay policy developed by the Hook Commission was essentially an incentive plan designed to attract competent servicemen, to retain them after they had been trained and to induce them to actively aspire and seek positions of leadership. Two basic pay principles were enunciated by the Commission as the bases for attaining an incentive program--namely, rates of compensation should be commensurate to the levels of difficulty and responsibility of work, and military pay should be correlated to remuneration in private employment. The first objective was implemented institutionally (1) by the establishment of new pay schedules which clearly differentiated rates of pay for each of the grades and (2) by the elimination of several special pays and allowances including: furlough travel pay, messenger's pay, stenographer's pay, mailman's pay, aide's pay, workmanship and gunnery pay, special awards pay, wartime combat pay and family allowances. To effectuate the second objective, the Commission recommended higher levels of officer pay, for all but the top grades, in order to approximate scales of pay for private management. Of the three special pays recommended by the Hook Commission, hazardous differentials, physicians pay, and sea and foreign duty pay, only hazardous duty pay was completely endorsed in principle. Originally opposed to sea and foreign duty *differentials*

the Commission conceded its advisability after the Defense Establishment had pleaded for its retention. The Commission advocated a differential for doctors and dentists solely as a temporary incentive, and it hoped that future conditions would permit abolition of the payment. Hazardous duty pay, however, was justified as an integral part of a well-rounded, permanent incentive program.

From the outset, most Congressmen were receptive, some enthusiastically, to the military career compensation bill which incorporated the proposals of the Hook Commission Report. Congress was impressed by the inclusive nature of the Commission's recommendations, by the prodigious effort which the group had expended in preparing its report and by the realistic solutions which it had developed in accordance with defined objectives. The Congress was also aware of the defections of the antiquated pay structure of the military service and of the necessity for rectifying these deficiencies.

B. Principal Reasons for Congressional Approval of Hazardous Pay Recommendations - Since the hazardous pay section was promoted as an integral part of the career compensation reform bill, it did not occasion serious congressional opposition. The relative ease in which the hazardous pay recommendations were enacted is further explained by the following reasons: (1) hazardous duty pay is a traditional pay policy of the Armed Forces, dating from 1913, (2) the hazardous pay recommendations of the Hook Commission essentially continued the pre-existing system of hazardous differentials, and only two additional relatively unimportant items were added to the hazardous duty list, and (3) the Hook Commission recommended a reduction in the flight and submarine duty pay of general and flag officers and proposed an over-all decrease in hazardous duty payments of approximately thirteen million dollars.

Needless to say, the recommendation for reducing the differential pay of the top brass made the whole section on hazardous pay more attractive.

The Hook Commission's Hazardous Pay Proposals

A. Policy Considerations - The views of the Commission on the desirability of hazardous differentials are more significant to proponents of hazardous pay than are its recommendations on the types of and rates for hazardous military duties. In this connection the Commission unanimously recommended that individuals who in peace time voluntarily perform operations which involve more than ordinary risk and danger should be compensated. It was upon the basis of this conviction that the Commission surveyed employments in the military service to ascertain which duties deserve special compensation. The report is also notable for the emphasis which was placed upon hazardous differentials as incentive compensation rather than as a financial cushion for disability. The Commission asserted, "Close examination of the nature of hazardous duty and the expressed or implied reasons for accepting risks indicated that the incentive to engage and remain in hazardous occupations provided a more realistic and practical basis for determining the rates of special pay than the theory of recompense or replacement. The recompense or replacement concept, although promoted for many years as the sole argument for hazardous pay was found wanting for several reasons."^{3/} This statement places the stress where it belongs. Implicit in the old concept is the idea that a hazard must frequently maim or kill in order to warrant differential compensation, whereas in fact relatively few military duties impose in peacetime a marked threat to life or dismemberment. Proposing the payment of haz-

ardous pay differentials as a technique of recruitment centers on the basic problem of how to get a competent employee to assume a risky or undesirable task and how to keep him on the job. This is the crux of the problem for agencies that must utilize special recruitment methods in order to secure responsible, qualified employees for hazardous or odious activities.

Other policy decisions of the Commission which are pertinent to a general discussion of hazardous differentials include: (1) only one increment of hazardous pay should be granted to a given individual, (2) payment of hazardous differentials should be on a monthly basis, (3) differentials should be paid only for hazardous duties which are assigned to employees by a competent supervisor, (4) a personnel policy board should be established within the Office of the Secretary to recommend additions to and deletions from the list of hazardous duties, (5) the President should be empowered in wartime to increase or decrease the list of hazardous duties and to designate compensable hazardous areas, (6) special compensation should be set at a sufficiently low ratio so that basic compensation will be regarded as the primary pay, and (7) some disparity in differential rates should be provided for employees of different pay grades.

B. Recommendations for Types and Rates of Compensable Hazards

<u>Compensation Hazard</u>	<u>Monthly Rate</u>	
(1) For crew members in aerial flight and submarine duty	Brig. Gen.-Gen.	\$100
	Colonel	210
	Lt. Colonel	180
	Major	150
	Capt.	120
	1st Lt.	110
	2nd Lt.	100

Warrant Officers 1-4	100
Enlisted Personnel 7	75
6	67.50
5	60
4	52.50
3	45
2	37.50
1	30

- (2) For aerial flight duty by non-crewmen, glider flight duty, parachute jumping, contact with lepers, demolition work, duty at submarine-escape training-tank, duty at Naval Deep Sea Diving School or Navy Experimental Diving Unit.

Officers	\$100
Enlisted Personnel	50

- (3) For deep sea diving by enlisted men (for diving in depths over 90 feet, an additional payment of \$5 per hour of operational time was recommended)

\$5 to \$30, as prescribed by Secretary

C. Analysis of the Proposals - Of the above list of compensable hazardous duties only two recommendations were new proposals - differentials for demolition of explosives and for contact with lepers. At the time of the recommendations, approximately thirty employees were to be covered by the differential for demolition work and a few hundred employees, by the latter. Furthermore, in advocating a leprosy differential the Hook Commission was following the precedent of the Public Health Service, which had for some time paid a differential to its commissioned officers for this purpose.

The major change in the previous hazardous duty pay system recommended by the Hook Commission was its proposal for the payment of flight and submarine duty pay in flat sum amounts graduated by grades in lieu of the old method of a 50% differential of base pay. The Commission considered this method to be superior to either a flat

sum payment for all grades or the previous payment of a fixed percentage of base pay. It opposed the percentage system because of its pyramiding effects, especially since desk generals who occasionally flew were frequent recipients of the payment. It, however, was convinced that hazardous compensation is essentially an incentive payment and that a nominal amount would be insufficient to attract higher-salaried officers. Accordingly, it proposed hazardous duty pay schedules which combined elements of both concepts. The Commission's suggestion had the effect of reducing flight and submarine payments to approximately 37% of base pay for personnel in grades up to brigadier general and of reducing hazard differentials for generals and flag officers to 23%-28% of their base pay. Second lieutenants were granted a small increase. Members of the Hook Commission took the position that top-ranking officers should be discouraged from flying since their principal value to the service is management, not active participation in hazardous duties.

The Commission's⁴ justification for recommending higher rates of pay for flight and submarine duty differentials than for the other classes of hazardous pay has sufficiently broad application to be worth reviewing. Flight and submarine duties were depicted as hazardous career occupations, whereas the other activities were variously represented not to be particularly hazardous or to be performed (1) for occasional periods, (2) for short intervals, (3) for a limited number of years, or (4) by youthful personnel. The Commission alleged that the third most important type of hazardous duty, parachute jumping, should not be paid as large a differential as the amounts paid for flight and submarine duty because the activity is performed only for 7 to 8 years by men in their twenties. This contention is based

upon the suppositions that parachute jumping is not a career position and that the incentive need is less, since paratroopers are largely young men in lower ranks. Although the group presented statistics showing parachute jumping results in fewer deaths than aerial flight duty, such a comparison cannot be made between parachute and submarine duty. Yet the Commission recommended the same rate of hazardous pay for submarine duty as for flight duty. The basic point is really the issue of incentive. Placement submarine operations are less hazardous than parachute jumping, but inducing trained personnel to make a career of submarine duty is a more difficult problem than attaining paratroopers -- thus, a higher differential was recommended for submarine duty.

Another significant change proposed by the Commission on the previous military hazardous pay system was its recommendation that the President be given authority to increase in time of war the number of compensable hazards and hazardous areas.

Legislative Amendments of the Hazardous Pay Section

Few motions were submitted to amend the section of the Career Bill containing the Hook Commission hazardous pay proposals. The provision in the bill which empowered the President to prescribe additional hazardous differentials in war time was deleted since the Congress regarded this proposal to be an intrusion upon its authority.^{4/} Increasing the amount of flight and submarine pay for generals and flag officers from \$100, the amount recommended by the Hook Commission, to \$150 was the second amendment of the hazardous pay section. The chain of events which led to this increase is somewhat complicated. The bill as originally reported to the House was recommitted because the total cost of the legislation was regarded as

^{4/} Views of Rep. Vinson (H. Hearings on H.R. 2553, 81 Cong. 1st sess. p. 1609) and Rep. Cole (Cong. Record, 1949, p. 6570).
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excessive. The House Armed Services Committee reduced the proposed basic compensation rates 10% for general officers and 5% for other officers. Confronted with the possibility that the change might entail a decrease in existing total compensation paid to general officers, the Committee offset a portion of the reduction in the proposed basic rates by increasing the rate of flight and submarine pay for generals from \$100 to \$210 a month. The Senate Armed Services Committee acceded to the opposition generated by the House Committee amendment by changing the differential to \$150 a month. The Congress approved the Senate version.

None of the House amendments on hazardous pay were successful, and no floor motions were introduced in the Senate.

Congressional Opposition to the Hazardous Pay Provisions

Opposition to the disparity in differentials for officers and enlisted men was the only major substantive objection voiced against the hazardous duty pay provisions. This issue figured in the argument on the amendments described above and it was virtually the only basis for certain amendments that were proposed in the House, none of which were successful. These amendments were: (1) the Furcolo amendment -- that a flat sum of \$30 a month be paid to both officers and enlisted men for hazardous duties; (2) the Ford amendment -- that hazardous duty payments to military personnel be abolished; (3) the Furcolo and Bennett amendments -- that a flat sum of \$50 a month be paid to both officers and enlisted men for hazardous duties, and (4) the Sutton amendment -- that commissioned officers be paid \$100 a month for hazardous duties; warrant officers, \$75 a month; and enlisted men, \$50 a month.

There was a slight disposition by a few of these opponents to question whether

pay for hazardous duties is in fact hazardous pay or incentive pay, but such questions were superficially raised. The opponents of the hazardous pay section of the bill did not criticize hazardous pay per se but merely challenged the graduated systems of rates. In fact, there is no evidence of an attack against the desirability of hazardous duty differentials in any of the congressional hearings, reports or debates. The thesis for equality was primarily based upon the truism that the value of human life and the anguish of human suffering are neither assessable nor compensable upon grounds of rank and salary status.^{5/} House backers of the hazardous pay section retorted that the gradient payments of enlisted men and officers were based on incentive needs and obviously were not designed to impute differential human values. Perhaps more rational, but nevertheless imperfectly developed, was the opposition argument that unequal hazardous duty payments produce a demoralizing effect upon enlisted men and junior officers. The critics likewise contended that hazardous pay would offer greater incentive if it were paid to junior officers since they undertake most of the risky positions.

Secondary arguments which were advanced against the hazardous pay provisions are:

- (1) flight pay is not necessary in order to attract flyers (Rep. Tockett, Cong. Record, 1949, p. 7774 ^{6/});
- (2) the chief employee benefit in hazardous employment is adequate insurance, not differential pay; and

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^{5/} View was mainly expounded by Rep. Furcolo; See Cong. Record, 1949, pp. 6575, 6754, 7770.

^{6/} In this and the following section the names of certain Congressmen are bracketed with the arguments on hazardous pay which they promoted. These references are limited to active or ardent advocates of the various arguments discussed in this paper.

(3) flight duty pay to senior officers is wasteful and will not provide an incentive to junior officers. (Rep. Bates, Cong. Record, 1949, p. 6559).

Arguments for Hazardous Pay Presented in Congress

A. Incentive Argument - As has been indicated the incentive argument was the principal theoretical justification of hazardous pay.^{7/} In the congressional discussions the statutory term, hazardous pay, was ordinarily used to describe payments for hazardous duties, but recourse was had to the broader term, incentive pay, when questions were raised regarding the purpose of and necessity for payment of hazardous differentials. Admiral Fechteler stated to the House Committee that the term hazardous pay is partly a misnomer and that the purpose of a differential for underwater demolition work is to secure volunteers for this type of activity. Representative Kilday, Chairman of the subcommittee which held hearings on the career bill and floor leader of the House debate, elaborated upon the purpose of compensation for flight duty. He likewise asserted that hazardous pay is a misnomer and explained that the term had been retained in the law for a long time. He concluded that the proper term is incentive pay and that the purpose of hazardous duty differentials is to attract men to do risky work. Certainly, the comment has even greater applicability to the remainder of the military compensable hazardous duties. Some other phase -- such as incentive pay for hazardous and unpleasant duties -- probably would have been more representative of the views of the Congress, the Hook Commission and the Defense Establishment. The shift in theoretical emphasis to incentive pay gained acceptance

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^{7/} Statements to this effect were made by various Congressmen include Reps. Kilday, Johnson, Williams, Brooks and Senator Chapman.

in Congress because the need for incentive payments was well documented. The Hook Commission Report and the Senate and House hearings (over 2300 pages) contain data creating strong presumptions (1) that there is a priori need for competent flyers, submarine crewmen, etc. and (2) that competent personnel are attainable by incentive payments.

B. Other Arguments - Most of the other practical and theoretical arguments presented to Congress in support of hazardous differentials are of limited general interest since the statements are channelized expressions of the need for hazardous pay in the specified military employments. Certain of the justifications, however, are relevant to a general study of hazardous pay, for they pertain to the kinds of problems which would have to be explicitly treated in recommendations for hazardous duty pay in civilian employment. Furthermore, they provide by indirection some insight to the attitudes of Congress toward hazardous differentials. These arguments are briefly stated below.

- (1) The national security requires the use of superior personnel by the Defense Department, and hazardous differentials are essential in achieving this purpose.
- (2) Two types of hazardous duties may be delineated -- direct hazards and career hazards. The latter type is the physical, mental and emotional impairments which results from a prolonged period of cumulative stresses and strains. Career hazards cannot be measured accurately but figure prominently in employee decisions to accept and remain in hazardous employment. An adequate system of compensa-

tion must take this type of hazard into account. (Rep. Williams, Cong. Record, 1949, p. 6572.)

- (3) As military officers grow older and assume more responsible positions of leadership within the service they become less attracted by the incentive effects of hazardous duty pay. Increasing family pressures and responsibilities are major factors which increase the reluctance of older employees to accept risks and unpleasant duties. Increasing the rate of hazardous duty pay of officers in the higher grades is advocated as a compensatory offset to declining personal interest. (Sen. Chapman, Cong. Record, 1949, p. 13200.)
- (4) Eliminating hazardous duty differentials would have a disastrous effect on morale. (Rep. Johnson, Cong. Record, 1949, p. 7669; Rep. Kilday, p. 7774; Senator Chapman, p. 13199.)
- (5) Surveys of the sentiment of experienced flyers indicate that flight duty pay is the major reason why veteran pilots remain in the service, after flying becomes routine to them and external pressures increase. The argument suggests that the payment of a hazardous differential is a principal method of combating the problems of turnover and loss of leadership in the Air Corps. (Rep. Williams, Cong. Record, 1949, p. 6572.)
- (6) The President should have authority to extend the list of compensable hazardous duties and to designate hazardous duty pay for specific areas in war time since hazardous conditions in a future war cannot

be anticipated in a statutory schedule.

- (7) The payment of a higher rate of compensation for flight and submarine duty than for other hazardous duties is defensible because the former positions are performed by highly trained technicians. Other hazardous employments requiring less skill do not necessitate as high a monetary incentive. (Hook Commission view defended by members of the Armed Services Committees.)
- (8) Graduated rates in hazardous pay should be prescribed for the various grades of officers and enlisted personnel in order to provide an incentive to promotion.
- (9) Military personnel of the higher grades should be paid a higher rate of hazardous duty pay than personnel of the lower grades because the attractiveness of a fixed sum incentive payment bears an inverse relation to the amount of basic compensation earned. (Rep. Kilday, Cong. Record, 1949, p. 6754.)
- (10) In pure theory there is no military occupation worthy of a differential in war time since military service is a general risk. Suspension of hazardous duty pay in wartime, however, is impracticable.
- (11) Actuarial studies indicate that the life expectancy of an air officer is twelve years less than that of a ground officer; consequently, the payment of a flight differential would only equalize the aggregate compensation received by these groups of military personnel. (Rep. Johnson, Cong. Record, 1949, p. 6558.)

- (12) Previous parachute and glider duty payments of \$100 for officers and \$50 for enlisted men have proved to be satisfactory inducements and, therefore, should be retained.
- (13) A leprosy differential should be paid not because it is hazardous but because people regard it to be a risk employment.
- (14) All of the major foreign countries provide a differential for arial flight duty.